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Committee on House Energy and Commerce Subcommittee on Oversight and Investigations

July 9, 2002

INTRODUCTION

Mr. Chairman and distinguished members of the committee, thank you for the opportunity to testify on the Administration's proposal to create a Department of Homeland Security, and specifically, the critical infrastructure protection activities that will be assigned to the new department. I am **James F. McDonnell,** Director of the Department of Energy Office of Energy Assurance. I have been in this position since December of 2001, working with the Office of the Secretary to develop an integrated and streamlined management approach to protecting the National Energy Infrastructure. The Secretary of Energy has the responsibility as the lead federal agency to coordinate protection activities in the Energy Sector. Presidential Decision Directive 63 assigned this responsibility to DOE and the Secretary expects the Homeland Security National Strategy to continue that assignment of responsibility. The Office of Energy Assurance was established at the Department to better protect against severe energy disruptions in close collaboration with State and local governments and the private sector and, where possible, to assist with emergency response efforts.

The Office provides technical expertise and management oversight to identify energy system critical components and interdependencies, identify threats to the system, recommend actions to correct or mitigate vulnerabilities, plan for response and recovery to system disruption, and provide technical response support during energy emergencies. As originally conceived, the Office has four principle areas of management, which are:

Energy Reliability

The Office of Energy Assurance coordinates Department of Energy policy development and intergovernmental, interagency activities related to the protection and reliability of the national energy infrastructure. The Office will utilize longstanding relationships with government and industry representatives to develop a national strategy for energy assurance and establish a national tracking and reporting process to assess the ongoing effectiveness of the national strategy, identifies shortfalls and develops corrective action plans; and coordinates efforts to expand cooperation on national energy infrastructure with friendly nations, international organizations and multinational corporations.

Energy Emergencies

The Office of Energy Assurance ensures we are prepared to support states and industry efforts to plan for, respond to and mitigate actions that disrupt the nation's energy supplies. This Office's primary missions are twofold; first is the identification of potential threats to the national energy infrastructure, including natural disasters and industrial accidents, and deliberate acts of terror, sabotage. The Office maintains an effective communications and liaison network with the energy sector to facilitate information flow during emergencies and communicate potential and actual threats to the appropriate authorities.

The second mission is to assist in the development of federal energy emergency response plans. In carrying out this function, OEA will provide technical and professional assistance to states and industries for the development of local and regional response plans and conduct readiness exercises with states and industry to assist in identifying shortfalls prior to actual emergencies. Following such exercises, the Office will compile lessons learned during the conduct of emergencies and exercises for broad dissemination among relevant industries and facilities.

Energy Infrastructure

The Energy Assurance Team works with the companies whose resources comprise the nation's energy sector to improve the protection of critical energy facilities. The Infrastructure Office works with the energy sector to introduce new security practices into the energy sector. The Office also interfaces with the DOE laboratory community to help identify and speed commercialization of new technologies designed to enhance the protection of sensitive facilities.

Infrastructure Interdependencies

The Office of Energy Assurance had been designated to provide federal oversight to the National Infrastructure Simulation and Analysis Center as a collaborative effort between the National Laboratories, the Office of Energy Assurance, and other federal agencies. The NISAC, once fully operational, will provide a fundamentally new technical planning and decision support environment for the analysis of critical infrastructures, their interdependencies, vulnerabilities, and complexities for policy analysis and emergency planning. NISAC will use distributed information systems architectures to provide virtual analysis capabilities that will accommodate a large number of providers and a large number of users. Tasking for the NISAC will be developed through an interagency planning process chaired by the Department's NISAC Administrator, which includes representatives of the laboratories and industry and will ensure the NISAC is truly a national asset meet national strategy.

The Department of Homeland Security

The President's legislative proposal creating the Department of Homeland Security includes moving the management of the National Infrastructure

Simulation and Analysis Center (NISAC) and other functions of the Office of Energy Assurance from DOE to DHS.

The NISAC capability, once established, will provide a unique tool for planning and decision-making. The complexities of the physical and cyber interdependencies associated with the national energy infrastructure are vast by themselves. Once those complexities are overlaid with the other infrastructures, such as telecommunications, the interdependency complexities rise to a level that they become an issue that must be addressed at a national level. The transfer of the NISAC into the Department of Homeland Security will ensure that requirements development and programmatic tasking for NISAC meet national priorities. DOE is planning to transfer funding and two staff members to DHS to provide program oversight for NISAC. DOE will continue to be a customer of NISAC, seeking to utilize this national capability to support Energy Sector analysis.

The transfer of the NISAC administrative functions with the Office of Energy Assurance into DHS will provide the new Department with an integrated management structure to conduct activities associated with protecting the National Energy Infrastructure. The Office also manages a robust vulnerability assessment program that utilizes expertise from the private sector and the National Laboratory complex, plans for and supports restoration and recovery efforts following natural disaster or acts of terrorism, assists states and industry in all aspects of energy emergency planning and supports the development of strategic energy policies. The new Department of Homeland Security will thus have the ability to directly access the expertise located associated with the Office of Energy Assurance and the national laboratories for assessments of the energy sector. In addition, the new Homeland Security Centers for Excellence will provide the Department with direct access to the capabilities currently resident in the national laboratories for research and analysis in other areas of the nation's critical infrastructure.

Thank you, Mr. Chairman. I would be pleased to respond to any questions the Committee may have.

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